



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
JEFFERSON COUNTY CLERK**

**Calendar Year 1999**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **JEFFERSON COUNTY BOBBIE HOLSCLOW, COUNTY CLERK Calendar Year 1999**

On May 31, 2000, fieldwork was completed on the 1999 fee audit of the Jefferson County Clerk. An unqualified opinion was rendered on the financial statement. There were no instances of noncompliance nor were there any reportable conditions.

#### **Deposits**

The Clerk's deposits were fully insured or collateralized with bank pledges of securities during calendar year 1999.

#### **Leases**

The Clerk's office is responsible for the following leases.

<u>Item Purchased</u>	<u>Monthly Payments</u>	<u>Terms of Agreements</u>	<u>Ending Dates</u>	<u>Principal Balances December 31, 1999</u>
Copy Machines (17)	\$ 3,020	48 Months	1/29/2003	\$ 111,730
Copy Machines (12)	\$ 2,970	48 Months	10/6/2002	100,988
Postage Meter	\$ 1,848	54 Months	4/1/2000	1,848
Copy Machine	\$ 236	36 Months	11/1/2000	<u>2,360</u>
Total				<u>\$ 216,926</u>

#### **Going Out of Business Account**

The Clerk has a Going Out of Business Account with a balance of \$15,528, as of December 31, 1999.

#### **Bankruptcy Account**

The Clerk has a Bankruptcy account with a balance of \$69,583, as of December 31, 1999.



## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	3
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE COUNTY CLERK'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER.....	6
NOTES TO THE FINANCIAL STATEMENTS .....	8
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	13





## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Rebecca Jackson, Jefferson County Judge/Executive

Honorable Bobbie Holsclaw, Jefferson County Clerk

Members of the Jefferson County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the County Clerk of Jefferson County, Kentucky, and the statement of receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 1999. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk is required to prepare the financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the County Clerk and the receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Rebecca Jackson, Jefferson County Judge/Executive

Honorable Bobbie Holsclaw, Jefferson County Clerk

Members of the Jefferson County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated May 31, 2000, on our consideration of the County Clerk's compliance with laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -  
May 31, 2000



JEFFERSON COUNTY  
BOBBIE HOLSCLOW, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 1999

Receipts

State Fees For Services	\$	274,572 *
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Fiscal Court		85,774 *
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	12,703,535
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Usage Tax		60,598,981
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Tangible Personal Property Tax		47,645,287
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Licenses-

Marriage		168,778
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Beer and Liquor		368,506
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Shelter For Spouse Abuse		64,830
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Deed Transfer Tax		2,963,254
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Delinquent Taxes	17,361,405	141,874,576
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Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$	379,153
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Real Estate Mortgages		689,033
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Chattel Mortgages and Financing Statements		1,321,633
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Powers of Attorney		47,608
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Bail Bonds		5,796
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Tax Liens		117,070
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Extra Pages		534,653
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Assignments		159,196
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All Other Recordings		96,377
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Releases		521,187
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Probate		30,743
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Leinholder Penalties		33,112
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Corporation and Business	63,615	3,999,176
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JEFFERSON COUNTY  
BOBBIE HOLSCLOW, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Calendar Year 1999  
(Continued)

## Fees Collected for Services: (Continued)

## Other Receipts-

Candidate Filing Fees	\$	1,000	
Copywork		70,986	
Interest Income		289,061	
Legal Records - Clerk Expense		82,281	
Legal Records - Clerk Expense (Reimbursed)		292,098	*
Phone and Fax		715	*
Notary		363,540	*
Postage		231,157	*
Tracing		1,602	*
Photostat		27,274	*
Motor Vehicle - Miscellaneous		136,169	
Motor Vehicle - Miscellaneous (Reimbursed)		39,203	*
Returned Check Fee		12,242	*
Library		134	
County Attorney Returned Check Fee		5,530	
Miscellaneous Refunds		(4,425)	*
			\$ 1,548,567

Gross Receipts \$ 147,782,665

Disbursements

## Payments to State:

## Motor Vehicle-

Licenses and Transfers	\$	9,267,920	
Usage Tax		58,771,519	
Tangible Personal Property Tax		16,299,820	
Delinquent Tax		2,125,223	
Legal Process Tax		583,138	
Candidate Filing Fees		480	\$ 87,048,100

## Payments to Fiscal Court:

Tangible Personal Property Tax	\$	5,097,992	
Delinquent Tax		2,015,893	
Deed Transfer Tax		2,815,092	
Beer and Liquor Licenses		367,732	10,296,709

JEFFERSON COUNTY  
BOBBIE HOLSCLAW, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Calendar Year 1999  
(Continued)

Disbursements (Continued)

Payments to Other Districts:

Tangible Personal Property Tax	\$ 24,341,663	
Delinquent Tax	<u>9,045,925</u>	\$ 33,387,588

Payments to Sheriff		442,740
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Payments to County Attorney

Delinquent Tax	\$ 2,587,431	
Returned Check Fees	<u>5,530</u>	2,592,961

Payments to Library		134
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Operating Disbursements:

Other Charges-		
Bankcard Processing		<u>115,685</u>

Total Disbursements		<u>\$ 133,883,917</u>
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Net Receipts		\$ 13,898,748
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Payments to State Treasurer:

75% Operating Fund	\$ 10,754,999	
25% County Fund	<u>3,143,749</u>	<u>13,898,748</u>

Balance Due at Completion of Audit		<u><u>\$ 0</u></u>
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\* Included reimbursed expenses in the amount of \$1,323,752 for the audit period. See Note 1 of Notes to Financial Statements.

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
BOBBIE HOLSCLOW, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND  
BALANCES OF THE COUNTY CLERK'S OPERATING FUND  
AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 1999

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 1999	\$ 0	\$ 0	\$ 0

Receipts

Fees Paid to State - Operating Funds (75%)	10,754,999		10,754,999
Fees Paid to State - County Funds (25%)		3,143,749	3,143,749
Total Funds Available	\$ 10,754,999	\$ 3,143,749	\$ 13,898,748

Disbursements

Jefferson County Government	\$	\$ 2,902,736	\$ 2,902,736
County Clerk's Statutory Maximum	72,206		72,206
Incentive Pay	688		688
County Clerk's Expense Allowance	3,600		3,600
Personnel Services-			
Deputies Salaries	6,042,094		6,042,094
Summer Intern Salaries	8,401		8,401
Overtime Gross	84,768		84,768
Employee Benefits-			
Employer's Share Social Security	436,473		436,473
Employer's Share Retirement	478,263		478,263
Employer's Paid Health Insurance	636,797		636,797
Other Payroll Disbursements	7,333		7,333
Unemployment Insurance	29,191		29,191
Occupancy-			
Telephone	61,832		61,832
Mileage and Gasoline - Delivery	8,294		8,294
Maintenance and Repairs	86,354		86,354

JEFFERSON COUNTY  
BOBBIE HOLSCLOW, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE  
COUNTY CLERK'S OPERATING FUND AND COUNTY FUND WITH THE STATE  
TREASURER  
Calendar Year 1999  
(Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements</u> (Continued)			
Services-			
Personal Services Contract	\$ 506,585	\$	\$ 506,585
Seasonal Help (Temporary)	27,432		27,432
Security Services	30,014		30,014
Janitorial	17,741		17,741
Pager Service	9,376		9,376
Printing	30,531		30,531
Advertising	4,942		4,942
Postage	115,887		115,887
Office Expense	167,041		167,041
Leases-Equipment	105,970		105,970
Meetings, Seminars, Tuition, and Convention	40,621		40,621
Other Operating-			
Insurance and Bonds	29,379		29,379
Notary Bonds	813		813
Memberships Dues	16,754		16,754
Subscriptions	7,291		7,291
Capital Outlay-			
Furniture and Fixtures	45,838		45,838
Remolding and Renovations	6,942		6,942
Office Equipment	8,311		8,311
Computer Software	24,712		24,712
Computer Equipment	78,891		78,891
Total Disbursements	\$ 9,231,365	\$ 2,902,736	\$ 12,134,101
Fund Balance - December 31, 1999	\$ 1,523,634	\$ 241,013	\$ 1,764,647

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
BOBBIE HOLSCLOW, COUNTY CLERK  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

JEFFERSON COUNTY  
BOBBIE HOLSCLOW, COUNTY CLERK  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 1999  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county clerk's contribution rate for nonhazardous employees was 8.22 percent through June 30, 1999 and 7.28 percent from July 1, 1999 through December 31, 1999.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Leases

Commitments to lease agreements as of December 31, 1999 are:

Item Purchased	Monthly Payments	Terms of Agreements	Ending Dates	Principal Balances December 31, 1999
Copy Machines (17)	\$ 3,020	48 Months	01/29/2003	\$ 111,730
Copy Machines (12)	\$ 2,970	48 Months	10/06/2002	100,988
Postage Meter	\$ 1,848	54 Months	04/01/2000	1,848
Copy Machine	\$ 236	36 Months	11/01/2000	2,360
Total				<u>\$ 216,926</u>

JEFFERSON COUNTY  
BOBBIE HOLSCLOW, COUNTY CLERK  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 1999  
(Continued)

Note 5. Going Out of Business Account

This account is used for companies who must post a bond when they have a going out of business sale. After the sale the bond may be released to the company. The account had receipts of \$2,528 and disbursements of \$3,000 for calendar year 1999. The account had a balance of \$15,528 as of December 31, 1999.

Note 6. Bankruptcy Account

This account is used for bankruptcy payments from the Chapter 13 Bankruptcy Trustee. The payments from the trustee are for tangible property taxes due the state, clerk, and taxing districts for delinquent property taxes owed. The account had receipts of \$6,837 and disbursements of \$2,574 for calendar year 1999. The account had a balance of \$69,583 as of December 31, 1999.



REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Rebecca Jackson, Jefferson County Judge/Executive  
Honorable Bobbie Holsclaw, Jefferson County Clerk  
Members of the Jefferson County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the Jefferson County Clerk as of December 31, 1999, and have issued our report thereon dated May 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Jefferson County Sheriff's financial statements as of December 31, 1999, are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jefferson County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Rebecca Jackson, Jefferson County Judge/Executive  
Honorable Bobbie Holsclaw, Jefferson County Clerk  
Members of the Jefferson County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
May 31, 2000

